
**2020 SUPPLEMENT
TO AMENDED AND RESTATED
MASTER INSTALLMENT PURCHASE AGREEMENT**

**by and between
THE CITY OF SAN DIEGO
and**

**SAN DIEGO FACILITIES AND EQUIPMENT
LEASING CORPORATION**

Dated as of May 1, 2020

relating to

**Public Facilities Financing Authority of the City of San Diego
Senior Water Revenue Bonds, Series 2020A
(Payable Solely From Installment Payments
Secured by Net System Revenues of the Water Utility Fund)**

and

**Public Facilities Financing Authority of the City of San Diego
Senior Water Revenue Refunding Bonds, Series 2020B
(Payable Solely From Installment Payments
Secured by Net System Revenues of the Water Utility Fund)**

TABLE OF CONTENTS

	<u>Page</u>
Article 1 Definitions.....	2
Article 2 Representations And Warranties.....	3
Article 3 2020 Bonds Proceeds; Pledge Of Certain Amounts; Sale Of 2020 Components.....	4
Article 4 2020 Installment Payments	4
Article 5 Prepayment Of 2020 Installment Payments	6
Article 6 Additional Covenants.....	6

**2020 SUPPLEMENT
TO AMENDED AND RESTATED
MASTER INSTALLMENT PURCHASE AGREEMENT**

THIS 2020 SUPPLEMENT TO AMENDED AND RESTATED MASTER INSTALLMENT PURCHASE AGREEMENT (the “**2020 Supplement**”), dated as of May 1, 2020, is by and between THE CITY OF SAN DIEGO, a municipal corporation organized and existing under a charter duly adopted pursuant to the provisions of the Constitution of the State of California (the “**City**”), and the SAN DIEGO FACILITIES AND EQUIPMENT LEASING CORPORATION, a nonprofit public benefit corporation organized and existing under and by virtue of the laws of the State of California (the “**Corporation**”).

WITNESSETH:

WHEREAS, the City and the Corporation have heretofore entered into an Amended and Restated Master Installment Purchase Agreement, dated as of January 1, 2009, as amended and supplemented by the 2009A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of January 1, 2009, the 2009B Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2009, the 2010A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2010, the 2012A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of April 1, 2012, the 2016 Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2016, the 2017 Commercial Paper Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of January 1, 2017, the First Amendment to Amended and Restated Master Installment Purchase Agreement dated as of November 14, 2018, and the 2018 Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of December 1, 2018, each by and between the City and the Corporation, and as supplemented by the Collateral Agency, Account and Assignment Agreement, dated as of November 14, 2018, by and among the City, the Corporation, the Public Facilities Financing Authority of the City of San Diego, a California joint exercise of powers entity (the “**Authority**”), the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency, and U.S. Bank National Association as collateral agent under the Collateral Agency Agreement and as Trustee under the herein defined Indenture (collectively, the “**Agreement**”), pursuant to which the Corporation has agreed to sell certain improvements and additions (comprised of various components, each, a “**Component**”) to the water system of the City (the “**Water System**”) and the City has agreed from time to time to purchase certain Components as specified in certain supplements to the Agreement;

WHEREAS, the City has determined that it is in its best interests and the best interests of its residents to finance and refinance certain Components identified in Exhibit A to this 2020 Supplement (the “**2020 Components**”), and to pay for the 2020 Components by making 2020 Installment Payments (herein defined) pursuant to this 2020 Supplement, all in the manner described herein, and the Authority is willing to assist the City in effecting such financing and refunding;

WHEREAS, the 2020 Installment Payments specified in this 2020 Supplement will be assigned by the Corporation to the Authority and serve as the security for the Public Facilities Financing Authority of the City of San Diego Senior Water Revenue Bonds, Series 2020A (Payable Solely from Installment Payments Secured by Net System Revenues of the Water Utility Fund) (the “**2020A Bonds**”), the proceeds of which will be used to finance the 2020 Components, including by paying some of the outstanding principal of the Subordinated Water Revenue Commercial Paper Notes, Series A (Payable Solely from Subordinated Installment Payments Secured by Net System Revenues of the Water Utility Fund) (the “**Series A Commercial Paper Notes**”) and the Subordinated Water Revenue Commercial Paper Notes, Series B (Payable Solely from Subordinated Installment Payments Secured by Net System Revenues of the Water Utility Fund) (the “**Series B Commercial Paper Notes**” and, together with the

Series A Commercial Paper Notes, the “**Commercial Paper Notes**”) of the Authority which were issued to initially finance a portion of the 2020 Components, and to pay the costs of issuance of the 2020A Bonds, and for the Public Facilities Financing Authority of the City of San Diego Senior Water Revenue Refunding Bonds, Series 2020B (Payable Solely from Installment Payments Secured by Net System Revenues of the Water Utility Fund) (the “**2020B Bonds**”, and together with the 2020A Bonds, the “**2020 Bonds**”), the proceeds of which, refund and defease all of the outstanding 2012A Bonds (as such term is defined in the Indenture defined below) and to pay the costs of issuance of the 2020B Bonds;

WHEREAS, the 2020 Bonds are issued under and secured by the Indenture, dated as of January 1, 2009, as amended and supplemented by the First Supplemental Indenture, dated as of June 1, 2009, the Second Supplemental Indenture, dated as of June 1, 2010, the Third Supplemental Indenture, dated as of April 1, 2012, the Fourth Supplemental Indenture, dated as of June 1, 2016, the Fifth Supplemental Indenture dated January 1, 2017, the Sixth Supplemental Indenture dated December 1, 2018, and the Seventh Supplemental Indenture dated May 1, 2020 (collectively, the “**Indenture**”), each by and between the Authority and U.S. Bank National Association, as successor trustee (the “**Trustee**”);

WHEREAS, the City and the Corporation now wish to describe the underlying purchase and sale of the 2020 Components that will be the subject of the 2020 Installment Payments by execution and delivery of this 2020 Supplement; and

WHEREAS, this 2020 Supplement is an Issuing Instrument, as defined in the Agreement, and, when executed and delivered, shall constitute a Supplement to the Agreement and be included as part thereof.

NOW THEREFORE, the parties hereto have agreed as follows:

ARTICLE 1

DEFINITIONS

Section 1.01 Definitions. Capitalized terms used in this 2020 Supplement but not defined herein have the meanings given those terms in the Agreement and, if any such terms are not defined in the Agreement, then such terms have the meanings given those terms in the Indenture. As used in this 2020 Supplement, the following additional terms have the following meanings:

Interest Portion

The term “Interest Portion” means the interest portion of 2020 Installment Payments specified in Section 4.01 hereof.

Principal Portion

The term “Principal Portion” means the principal portion of 2020 Installment Payments specified in Section 4.01 hereof.

2020 Components

The term “2020 Components” means the Components of the Project specified in Exhibit A attached hereto and by this reference made a part hereof for which the City will be making 2020 Installment Payments.

2020 Installment Payment Date

The term “2020 Installment Payment Date” means the 15th day of the calendar month immediately preceding each Interest Payment Date for the 2020 Bonds.

2020 Installment Payments

The term “2020 Installment Payments” means the Installment Payments specified in Section 4.01 hereof that are to pay the Purchase Price of the 2020 Components in accordance with the terms hereof.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES

Section 2.01 City Representations and Warranties. The City hereby represents and warrants that each of the following is true and correct:

(a) The City is a municipal corporation organized and existing under the Charter, which was duly adopted pursuant to the provisions of the Constitution of the State of California.

(b) The City has full legal right, power, and authority to enter into this 2020 Supplement and perform its obligations hereunder, to carry out and consummate all transactions contemplated by this 2020 Supplement, and the City has complied with the provisions of the Law in all matters relating to such transactions.

(c) By proper action, the City has duly authorized the execution, delivery, and performance of this 2020 Supplement.

(d) The execution and delivery of this 2020 Supplement and the consummation of the transactions herein contemplated do not and will not (i) violate any provision of any material law or any order of any court or other agency of government; (ii) be in conflict with, result in a material breach of, or constitute a default (with due notice or the passage of time or both) under any provision of any indenture, material agreement, or other instrument to which the City is now a party or by which it or any of its material properties or assets is bound; or (iii) result in the creation or imposition of any prohibited lien, charge, or encumbrance of any nature whatsoever upon any of the properties or assets of the City.

(e) The City has determined that it is necessary and proper for City uses and purposes within the terms of the Law that the City acquire the 2020 Components in the manner provided for in this 2020 Supplement, in order to continue to provide essential services and facilities to the persons residing in the City.

(f) The City will take no action to cause, directly or indirectly, the interest on the 2020A Bonds to be includable in the gross income of the Owners (as defined in the Indenture) of the 2020A Bonds for federal income tax purposes.

Section 2.02 Corporation Representations and Warranties. The Corporation hereby represents and warrants to the City that each of the following is true and correct:

(a) The Corporation is duly organized and existing under the laws of the State of California.

(b) The Corporation has full legal right, power, and authority to enter into this 2020 Supplement and to carry out and consummate all transactions contemplated by this 2020 Supplement.

(c) By proper action, the Corporation has duly authorized the execution, delivery, and due performance of this 2020 Supplement.

(d) The execution and delivery of this 2020 Supplement and the consummation of the transactions herein contemplated do not and will not (i) violate any provision of any material law or any order of any court or other agency of government; (ii) be in conflict with, result in a material breach of, or constitute a default (with due notice or the passage of time or both) under any provision of any indenture, material agreement, or other instrument to which the Corporation is now a party or by which it or any of its material properties or assets is bound; or (iii) result in the creation or imposition of any prohibited lien, charge, or encumbrance of any nature whatsoever upon any of the properties or assets of the Corporation.

ARTICLE 3

2020 Bond Proceeds; Pledge of Certain Amounts; Sale of 2020 Components

Section 3.01 Corporation's Obligation to Pay 2020 Bonds Proceeds. In consideration of the agreement by the City to make 2020 Installment Payments, the Corporation hereby agrees to cause the Authority, as assignee of the Corporation's rights and obligations hereunder, to pay to the City, the amount of (i) \$250,253,576.28, being the net proceeds of the 2020A Bonds and (ii) \$113,878,800.64, being the net proceeds of the 2020 Bonds.

Section 3.02 Proceeds of the 2020 Bonds to Trustee. The City hereby directs the Authority, in lieu of delivering the proceeds of the 2020 Bonds to the City, to deliver the proceeds of the 2020 Bonds to the Trustee for application in accordance with Section 19.7 of the Indenture.

Section 3.03 Pledge of Amounts in the 2020A Acquisition Fund. The City hereby irrevocably pledges all Revenues and amounts, if any, on deposit in the 2020A Acquisition Fund established pursuant to Section 19.6 of the Indenture and held by the Trustee, for the benefit of the Owners, subject to the provisions of the Indenture.

Section 3.04 Sale and Purchase of 2020 Components. In consideration of the agreement by the City to make 2020 Installment Payments, the Corporation hereby sells, transfers, and assigns the 2020 Components to the City and the City hereby agrees to purchase and accept the 2020 Components.

ARTICLE 4

2020 Installment Payments

Section 4.01 2020 Installment Payments. In consideration of the payment by the Authority, on behalf of the Corporation, of the proceeds of the 2020 Bonds and the sale of the 2020 Components by the Corporation to the City pursuant to Section 3.04 hereof, the City hereby agrees to pay a portion of the Purchase Price on each 2020 Senior Installment Payment Date as 2020 Installment Payments, solely from Net System Revenues, as provided in the Agreement, the following:

Installment Payment Date	Principal Portion of Installment related to the 2020A Bonds	Interest Portion of Installment related to the 2020A Bonds	Principal Portion of Installment related to the 2020B Bonds	Interest Portion of Installment related to the 2020B Bonds	Combined Installment Payment
July 15, 2020	\$5,900,000	\$2,050,400	\$8,510,000	\$451,882.39	\$16,912,282.39
January 15, 2021		4,465,900		972,866.33	5,438,766.33
July 15, 2021	3,575,000	4,465,900	8,035,000	972,866.33	17,048,766.33
January 15, 2022		4,376,525		927,428.40	5,303,953.40
July 15, 2022	3,760,000	4,376,525	8,135,000	927,428.40	17,198,953.40
January 15, 2023		4,282,525		877,357.48	5,159,882.48
July 15, 2023	3,950,000	4,282,525	8,235,000	877,357.48	17,344,882.48
January 15, 2024		4,183,775		822,718.25	5,006,493.25
July 15, 2024	4,155,000	4,183,775	8,350,000	822,718.25	17,511,493.25
January 15, 2025		4,079,900		758,757.25	4,838,657.25
July 15, 2025	4,370,000	4,079,900	8,490,000	758,757.25	17,698,657.25
January 15, 2026		3,970,650		687,356.35	4,658,006.35
July 15, 2026	4,590,000	3,970,650	8,640,000	687,356.35	17,888,006.35
January 15, 2027		3,855,900		605,146.75	4,461,046.75
July 15, 2027	4,830,000	3,855,900	8,815,000	605,146.75	18,106,046.75

Installment Payment Date	Principal Portion of Installment related to the 2020A Bonds	Interest Portion of Installment related to the 2020A Bonds	Principal Portion of Installment related to the 2020B Bonds	Interest Portion of Installment related to the 2020B Bonds	Combined Installment Payment
January 15, 2028		3,735,150		516,864.53	4,252,014.53
July 15, 2028	5,075,000	3,735,150	8,995,000	516,864.53	18,322,014.53
January 15, 2029		3,608,275		424,530.85	4,032,805.85
July 15, 2029	5,335,000	3,608,275	9,185,000	424,530.85	18,552,805.85
January 15, 2030		3,474,900		326,572.83	3,801,472.83
July 15, 2030	5,610,000	3,474,900	9,385,000	326,572.83	18,796,472.83
January 15, 2031		3,334,650		224,135.55	3,558,785.55
July 15, 2031	5,895,000	3,334,650	9,595,000	224,135.55	19,048,785.55
January 15, 2032		3,187,275		114,608.63	3,301,883.63
July 15, 2032	6,200,000	3,187,275	9,825,000	114,608.63	19,326,883.63
January 15, 2033		3,032,275			3,032,275.00
July 15, 2033	6,515,000	3,032,275			9,547,275.00
January 15, 2034		2,869,400			2,869,400.00
July 15, 2034	6,850,000	2,869,400			9,719,400.00
January 15, 2035		2,698,150			2,698,150.00
July 15, 2035	7,205,000	2,698,150			9,903,150.00
January 15, 2036		2,518,025			2,518,025.00
July 15, 2036	7,535,000	2,518,025			10,053,025.00
January 15, 2037		2,367,325			2,367,325.00
July 15, 2037	7,840,000	2,367,325			10,207,325.00
January 15, 2038		2,210,525			2,210,525.00
July 15, 2038	8,160,000	2,210,525			10,370,525.00
January 15, 2039		2,047,325			2,047,325.00
July 15, 2039	8,495,000	2,047,325			10,542,325.00
January 15, 2040		1,877,425			1,877,425.00
July 15, 2040	8,840,000	1,877,425			10,717,425.00
January 15, 2041		1,700,625			1,700,625.00
July 15, 2041	9,200,000	1,700,625			10,900,625.00
January 15, 2042		1,516,625			1,516,625.00
July 15, 2042	9,575,000	1,516,625			11,091,625.00
January 15, 2043		1,325,125			1,325,125.00
July 15, 2043	9,970,000	1,325,125			11,295,125.00
January 15, 2044		1,125,725			1,125,725.00
July 15, 2044	10,375,000	1,125,725			11,500,725.00
January 15, 2045		918,225			918,225.00
July 15, 2045	10,800,000	918,225			11,718,225.00
January 15, 2046		702,225			702,225.00
July 15, 2046	11,180,000	702,225			11,882,225.00
January 15, 2047		534,525			534,525.00
July 15, 2047	11,525,000	534,525			12,059,525.00
January 15, 2048		361,650			361,650.00
July 15, 2048	11,875,000	361,650			12,236,650.00
January 15, 2049		183,525			183,525.00
July 15, 2049	12,235,000	183,525			12,418,525.00

Section 4.02 Senior Obligations. The 2020 Installment Payments shall be Parity Obligations under the Agreement and the payment of the 2020 Installment Payments shall be on parity in right of payment to the Parity Installment Payments under the Agreement. No Owner of the Obligations shall have any right to take any action or enforce any right that has a materially adverse effect on the interests of the Owners of the Installment Payment Obligations.

ARTICLE 5

Prepayment of 2020 Installment Payments

Section 5.01 Optional Prepayment of 2020 Installment Payments. The 2020 Installment Payments relating to the Principal Portion of 2020 Installment Payments relating to the 2020A Bonds payable on and after August 1, 2030, are subject to prepayment, at the option of the City, in whole or in part, upon at least thirty-five (35) days' prior written notice to the Trustee (on behalf of the Authority as assignee of the Corporation) specifying the date and amount of such prepayment, on any date on or after August 1, 2031, at 100% of the Principal Portion of 2020 Installment Payments relating to the 2020A Bonds to be prepaid, plus the unpaid Interest Portion of 2020 Installment Payments relating to the 2020A Bonds to be prepaid to the date fixed for prepayment, without premium.

ARTICLE 6

Additional Covenants

Section 6.01 Additional Covenants Relating to Tax Exemption.

(a) The City shall not directly or indirectly use or permit the use of any proceeds of the 2020A Bonds or any other funds of the City or of the 2020 Components or take or omit to take any action that would cause the 2020A Bonds to be "private activity bonds" within the meaning of Section 141 of the Code, or obligations that are "federally guaranteed" within the meaning of Section 149(b) of the Code.

(b) The City hereby covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the 2020A Bonds under Section 103 of the Code. The City shall not directly or indirectly use or permit the use of any proceeds of the 2020A Bonds or any other funds of the City, or take or omit to take any action, that would cause the 2020A Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code. To that end, the City shall comply with all requirements of Section 148 of the Code to the extent applicable to the 2020A Bonds. If, at any time, the City is of the opinion that for purposes of this Section it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under the Indenture or otherwise, then the City shall so instruct the Trustee in writing, and shall cause the Trustee to take such action as may be necessary in accordance with such instructions.

(c) Without limiting the generality of the foregoing, the City hereby agrees that there shall be paid from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Code and any Treasury Regulations promulgated thereunder as may be applicable to the 2020A Bonds from time to time. This covenant shall survive payment in full or defeasance of the 2020A Bonds. The City hereby specifically covenants to pay or cause to be paid to the United States of America at the times and in the amounts determined under this Section the rebate requirement, as described in the Tax Certificate, and to otherwise comply with the provisions of the Tax Certificate executed by the City and the Authority in connection with the execution and delivery of the 2020A Bonds.

(d) Notwithstanding any provision of this Section, if the City provides to the Trustee an opinion of Bond Counsel to the effect that any action required under this Section is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the 2020A Bonds pursuant to Section 103 of the Code, then the City may rely conclusively on

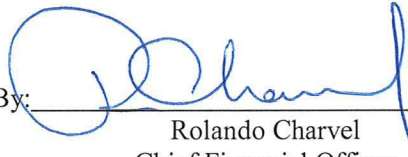
such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

Section 6.02 Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate to be executed and delivered by the City in connection with the issuance of the 2020A Bonds or 2020B Bonds. Notwithstanding any other provision of this 2020 Supplement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered a default of any kind under this 2020 Supplement; provided, however, that the Trustee may (and, at the request of any participating underwriter or the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Outstanding 2020A Bonds or 2020B Bonds, shall), or any Owner or Beneficial Owner (as defined below) may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this such Continuing Disclosure Certificate. For purposes of this Section, “**Beneficial Owner**” means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2020A Bonds or 2020B Bonds (including, any persons holding any 2020A Bonds or 2020B Bonds through nominees, depositories, or other intermediaries).

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IN WITNESS WHEREOF, this 2020 Supplement has been executed by the City and the Corporation as of the year and date first above written.

THE CITY OF SAN DIEGO


By: 
Rolando Charvel
Chief Financial Officer

ATTEST:


Elizabeth Maland
City Clerk

APPROVED AS TO FORM:

MARA W. ELLIOTT, City Attorney

By: 
Bret A. Bartolotta
Deputy City Attorney

**SAN DIEGO FACILITIES AND
EQUIPMENT LEASING CORPORATION**

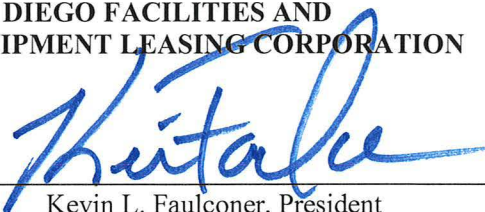
By: 
Kevin L. Faulconer, President

EXHIBIT A

2020 COMPONENTS OF PROJECT

The 2020 Components consist of the components further described in the attached tables.

2020 Refunded Components

<u>Project Type</u>	<u>Total 2012A Bonds</u>
Water Pipelines & Transmission Pipelines	\$24,679,000
Water Treatment Plant	25,232,000
Water Pump Station	4,179,000
Water Storage	47,799,000
Recycled Water	17,836,000
Miscellaneous Projects*	68,885,000
Total	<u>\$188,610,000</u>

* Primarily consisting of Water Department Security Upgrades to reservoirs, dams, and other sites.

2020 New Money Components

<u>Project Type</u>	<u>Capital Expenditures Funded by Commercial Paper Notes</u>
Water Pipeline - Distribution	\$58,206,000
Water Pipelines – Transmission	23,117,000
Water Storage Facilities	1,332,000
Water Treatment Plant	14,829,000
Pump Stations	3,705,000
Other Projects	11,587,000
Total	<u>\$112,776,000</u>

<u>Project Type</u>	<u>Projected Capital Expenditures to be Funded by 2020A Bonds**</u>
Water Pipelines – Distribution	\$72,789,000
Water Pipelines – Transmission	34,170,000
Water Storage Facilities	2,719,000
Water Treatment Plants	15,267,000
Pump Stations	3,875,000
Miscellaneous Projects	8,404,000
Total	<u>\$137,224,000</u>

**Estimates as of March 2020, subject to change.

As used in this Exhibit the following additional terms have the following meanings:

2020 New Money Components - The term “2020 New Money Components” means the acquisition, construction, installation, and improvement of certain facilities relating to the Water System described in this Exhibit, as it may be modified from time to time in accordance with Section 3.02 hereof, for which the City will be making a portion of the 2020 Installment Payments related to the 2020A Bonds.

2020 Refunded Components - The term “2020 Refunded Components” means the acquisition, construction, installation, and improvement of certain facilities relating to the Water System described in this Exhibit, for which the City will be making a portion of the 2020 Installment Payments related to the 2020B Bonds.